

Message Text

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ACTION EA-09

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TAGS: ETRD CH US
SUBJECT: US BUSINESS VISITORS TO PRC: MARCH

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1. SUMMARY. A MODERATE FLOW OF US BUSINESSMEN IN MARCH WAS HIGHLIGHTED BY PURCHASES OF PRC TEXTILES AND SALES OF US PULP, PACKAGING MATERIALS, AND POLYESTER STAPLE. REPRESENTATIVES OF THE NATIONAL MACHINE TOOL BUILDERS ASSOCIATION HAVE LAID THE GROUNDWORK FOR A SERIES OF PRESENTATIONS WHICH THEY HOPE WILL LEAD ULTIMATELY TO SUBSTANTIAL SALES OF MACHINE TOOLS. OTHER BUSINESSMEN ARE ALSO NEGOTIATING FOR THE SALE OF EQUIPMENT ANEAMACHINERY.

2. CELANESE CORPORATION. JEROME LINK, PRESIDENT OF AMCEL FIBERS CO., AN AFFILIATE OF CELANESE, HEADED A GROUP WHICH PRESENTED A SERIES OF SEMINARS AND TECHNICAL DISCUSSIONS RELATING TO THE PRODUCTION
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AND USE OF MANMADE FIBER. IN ADDITION TO THE APPROXIMATELY \$10 MILLION OF POLYESTER STAPLE SOLD TO THE PRC AT THE FALL CANTON FAIR, LINK INFORMED US THAT CELANESE TWO MONTHS LATER HAD MADE ANOTHER SALE FOR ALMOST THE SAME AMOUNT. ALTHOUGH LINK SAID HE HAD NOT COME PREPARED TO DISCUSS SALES ON THIS TRIP, CHINATEX INFORMED US THAT A LARGE CONTRACT WAS IN FACT SIGNED

JUST BEFORE HIS DEPARTURE. LINK HAS RECENTLY DISCOVERED THAT THE PRC HAS MADE A PRACTICE OF SELLING COTTON ON THE INTERNATIONAL MARKET WHEN THE PRICE WAS HIGH AND INSTEAD IMPORTED CHEAPER MANMADE FIBERS FOR DOMESTIC CONSUMPTION.

3. NATIONAL MACHINE TOOL BUILDERS. JAMES GRAY, PRESIDENT, AND JESSE MAFFUID, INTERNATIONAL MARKETING DIRECTOR, WERE IN PEKING TO DISCUSS WITH THE MACHINERY CORPORATION ARRANGEMENTS FOR FUTURE TECHNICAL PRESENTATIONS. THE FIRST IS SCHEDULED FOR THE LAST WEEK OF JULY AND THE FIRST WEEK OF AUGUST, WITH THE CHINESE INTERESTED IN HOLDING TWO OR THREE SUCH PRESENTATIONS EACH YEAR. THE MACHINERY CORPORATION ASKED THAT THE SEMINARS CONCENTRATE ON METHODS AND TYPES OF MACHINE TOOL PRODUCTION, BUT GRAY BELIEVES THAT EVENTUALLY THE FOCUS WILL SHIFT TO SPECIFIC APPLICATIONS. GRAY AND MAFFUID WERE ALSO GIVEN AN INVITATION FOR THE BULLARD COMPANY TO SEND REPRESENTATIVES TO PEKING AT THE END OF APRIL TO DISCUSS THE PRODUCTION OF RING GEARS FOR TRANSMISSIONS.

4. WJS. PAUL SPELTZ HAS BEEN IN PEKING SINCE EARLY APRIL REPRESENTING SEVERAL US COMPANIES. BY THE END OF THE MONTH HE HAD SIGNED CONTRACTS TOTALING ALMOST \$5 MILLION FOR THE SALE OF VARIOUS PACKAGING MATERIALS SUCH AS CARDBOARD, PAPER, ETC. INCLUDED IN THAT AMOUNT WAS A SALE BY MEAD PULP SALES OF \$1.7 MILLION. STILL UNDER DISCUSSION ARE ADDITIONAL SALES LIMITED OFFICIAL USE

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OF \$5 MILLION OF MACHINE TOLLS, MEDICAL INSTRUMENTS, PULP, PACKAGING MATERIALS, LED QUARTZ WATCHES, AND UREA. CHINESE OFFICIALS TOLD SPELTZ THAT FERTILIZER PURCHASES ARE HIGH ON THEIR LIST OF PRIORITIES FOR DELIVERY DURING MAY-JUNE OF THIS YEAR.

5. IMPORT SPECIALISTS. AN ESTABLISHED BUYER OF BASKETS, MATS, AND OTHER WOVEN PRODUCTS, CHARLES MERRELS, PRESIDENT, HELD NEGOTIATIONS WITH THE LIGHT INDUSTRY CORPORATION. HE HOPED TO CONCLUDE SUBSTANTIAL SALES CONTRACTS BUT WAS DISCOURAGED BY A NEW CORPORATION POLICY OF SHIPPING LARGER MINIMUM QUANTITIES. MERRELS BELIEVES THAT LIGHT INDUSTRY IS ATTEMPTING TO SIMPLIFY ITS SELLING PROBLEMS BY SELLING LARGER QUANTITIES TO FEWER BUYERS.

6. THE TEXTILE CORPORATION CONDUCTED WIDE-RANGING NEGOTIATIONS WITH SEVERAL US BUSINESSMEN. VERONICA YHAP, DRAGON LADY, INC., INTRODUCED SEPARATE

DELETATIONS FROM HARPER INDUSTRIES AND FIELDCREST, THE FIRST VISIT TO THE PRC FOR BOTH FIRMS. ABNER FRIEDLAND, PRESIDENT OF HARPER, CONCLUDED CONTRACTS WITH THE DARIEN AND SHANGHAI BRANCHES OF CHINATEX FOR THE PURCHASE OF READYMADE COTTON AND CORDUROY SHIRTS. FIELDCREST HAS PLACED A PRELIMINARY ORDER FOR TOWELS, SHEETS, AND PPLLOWCASES TO BE PRINTED ACCORDING TO THE COMPANY'S OWN DESIGN AND TO BE MARKETED IN THE US UNDER THE PRC LABEL "COSMOS." YHAP HOPES TO SIGN IN JULY OR AUGUST A MULTI-MILLION DOLLAR CONTRACT FOR FIELDCREST WHICH PLANS TO LAUNCH A NATIONWIDE US ADVERTISING CAMPAIGN FOR PRC SHEETS AND TOWELING. CHINATEX HAS GRANTED FIELDCREST THE EXCLUSIVE USE IN THE UNITED STATES OF THE "COSMOS" BRAND.

7. ROSENTHAL OF BRENTWOOD ORIGINALS IS NEGOTIATING LIMITED OFFICIAL USE

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A LARGE-VOLUME PURCHASE OF PILLOWCOVERS FROM CHINATEX BUT IS FINDING PRICES HIGH. HE ALREADY HOLDS EXCLUSIVE MARKETING RIGHTS IN THE US FOR CERTAIN LINES. I.E. BLACK OF THE INDUSTRIAL TEXTILE CORP, WHO HAS MADE PREVIOUS TRIPS TO THE PRC, WAS ALSO DISCOURAGED FROM BUYING LARGE QUANTITIES OF TERRY CLOTH TOWELING BECAUSE OF HIGH PRICES. ON HIS FIRST VISIT TWO YEARS AGO HE RECEIVED A SUBSTANTIAL DISCOUNT TO HELP COMPENSATE FOR HIGHER US TARIFFS, BUT ON EACH SUBSEQUENT TRIP HE HAS FOUND THE DISCOUNT WHITTLED DOWN TO WHERE PRC PRICES ARE HIGHER THAN THE US MARKET WILL BEAR.

8. YHAP IS ALSO NEGOTIATING WITH THE MACHINERY CORP. FOR THE PRESENTATION OF TECHNICAL SEMINARS ON MINING EQUIPMENT AND MACHINERY BY A GROUP OF US FIRMS. SHE SAYS THAT THE MACHINERY CORP. HAS DISPLAYED GREAT INTEREST IN THE PURCHASE OF US MINING EQUIPMENT.

9. STEWARD AND STEVENSON. A REPRESENTATIVE OF S&S STOPPED IN PEKING BRIEFLY ON HIS WAY TO INSPECT HIS COMPANY'S OILFIELD EQUIPMENT IN CHUNGKING, SZECHUAN.

10. THIS TELEGRAM CONTAINS COMMERCIALLY SENSITIVE INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE USG.
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